



Daily Report

West Europe

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FBIS-WEU-96-023

Friday

2 February 1996

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January 1996

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Daily Report

West Europe

FBIS-WEU-96-023

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EU: 'Big Five' Presidency Plan Meets Angry Response

*BR0202104696 Brussels EUROPEAN VOICE
in English 1-7 Feb 96 p 1*

[Article by Rory Watson "Anger at 'Big Five' Presidency Plan"]

[FBIS Transcribed Text] New tensions are emerging between the EU's larger and smaller states just eight weeks before the Intergovernmental Conference (IGC) begins, amid mounting anger over calls for ten out of 15 member states to be stripped of their right to a spell in charge of Union affairs.

The proposal to bar all but the EU's "big five" from holding the rotating presidency of the Union has been put forward by France's ruling Gaullist party, whose members include President Jacques Chirac and Prime Minister Alain Juppe.

Under the formula devised by the Rassemblement pour la Republique (RPR) [Rally for the Republic] and endorsed by Juppe, France, Germany, Italy, Spain and the UK would each run the presidency for two and a half years in turn. Other member states would only be eligible for the rotating six-month junior vice-presidencies.

This idea, although not yet formally tabled by the French government, has already been rejected out of hand by diplomats from countries who would lose out from any change to the present system. It is also expected to come under fire when the three Benelux leaders hold their pre-IGC summit in The Hague on Wednesday (7 February).

"As the IGC approaches, we are getting ideas from all corners of Europe, but this is extreme and will provoke hostility from smaller states who have demonstrated in the past that size is not a factor in running an efficient presidency," commented a senior official from one of the EU's smaller countries.

The proposal has also been criticised by diplomats from some of big five. One commented: "This is a formula for charging into a well-marked minefield. You could envisage a team presidency for a longer period, but not shutting out smaller countries altogether."

Reform of the EU presidency system, originally designed for six member states and now facing the prospect of operating in a Union of 30 members, is on the agenda of the Maastricht Treaty review which opens next month in Turin.

Most advocates of change are considering a year-long presidency run by a small team of three to four countries, but the RPR has injected a new dimension by

arguing for an end to the traditional equality between Union member states.

"We are certainly surprised by this. It would radically change the EU. There is no doubt about that it would mean retreating from supranationality and turning towards intergovernmentalism. The Union would be like an international organization modelled on the United Nations," said one senior EU diplomat.

France and the UK have also fuelled resentment among other member states by blocking plans to allow the European Parliament two advisory representatives to the IGC. Unless a satisfactory solution is found, the revised EU treaties may face a rough ride at the hands of MEPs.

Asked how Euro MPs would react if they were not satisfactorily involved in the IGC, Dutch Christian Democrat MEP Johanna Maij-Weggen, who is preparing the Parliament's input into the conference, replied: "I prefer to say that I think that the IGC will adopt the priorities of the Parliament. If not then we should reject the negative result."

Meanwhile, at the end of this month the European Commission will reveal how it wants to see the Union develop, with the adoption of its submission to the IGC.

President Jacques Santer confirmed this week that the report would set down some major political signposts and tackle specific issues such as the number of Commissioners and the simplification of decision-making.

Santer believes the IGC must meet three challenges: institutional reform, construction of a valid common foreign and security policy, and improved handling of justice and home affairs issues.

EU: Governments' Positions on Europol Convention Outlined

*BR2901135496 Brussels EUROPEAN VOICE
in English 25-31 Jan 96 p 6*

[Article by Michael Mann: "Europol Stalemate Persists"]

[FBIS Transcribed Text] The deadlock over the ratification of the Europol Convention shows no signs of being broken at this weekend's informal meeting of EU justice and home affairs ministers in Rome.

Barring a sudden change of heart by UK minister Michael Howard, the conflict over what jurisdiction the European Court of Justice (ECJ) should have, if any, over the fledgling intelligence agency looks set to smoulder on for most of the Italian presidency.

While the UK flatly rejects any ECJ competence in Europol matters, the Benelux states, Italy and Germany (to

name but a few), stressing the need for a common legal interpretation of Europol's powers and prerogatives, insist on it.

Governments on both sides of the argument point to their national parliaments, which have to ratify the convention before Europol can become fully operational, to justify the lack of flexibility so far shown in the dispute.

Some diplomats dealing with the issue expect it to drag on for years, despite the deadline set by EU heads of state and government for an agreement by the time EU leaders meet at the June summit in Florence.

Even after a compromise has been found, they say, the necessity to complete the ratification process in 15 member states means that it will be more than a year before the EU's strongest weapon in the fight against cross-border crime can be wielded to the full.

One possible way out of the quandary would be to grant the UK an opt-out from an agreement all other EU members would enter into, granting the ECJ the prerogative to fix the limits of Europol's powers.

Should the agency be taken to a national court, the judge, having decided that the lawsuit is admissible, would ask the ECJ for a general ruling on the interpretation of the Europol Convention.

This would enable the national courts to deliver their sentence on the basis of a ruling from the Luxembourg judges, thus ensuring a degree of harmony in the interpretation of Europol in the various member states. The amount of damages that courts might award, should Europol be found guilty of having infringed a citizen's rights, could, however, still vary substantially from country to country.

But the UK government is reluctant to agree to such an approach, as it fears that British judges would automatically adapt their own rulings to those of their Luxembourg colleagues, even if they were not legally required to do so. So far, though, London has not taken any "specific position on the opt-out option", British sources stress.

While little progress is expected on the ECJ issue when ministers meet this weekend (26 and 27 January), an inter-ministerial working-group has started work on settling the remaining details of the running of Europol, once the completion of the ratification process allows the existing embryonic European Drugs Unit in The Hague to become a fully-fledged EU data-pooling police centre.

Amongst the questions still to be settled are the exact legal status of the liaison officers linking Europol with their national police forces, the procedure to be followed

for establishing Europol's future database, and the legal immunity of Europol's own staff.

Some problems also arise from differences in legal vocabulary, such as in the definition of "organised crime", which in some cases has led governments to settle for the lowest common denominator.

EU: Europol Head Urges Ratification of 15-Nation Police Agency

MS0102132296 London THE EUROPEAN in English 1-7 Feb 96 p 1

[Report on interview with Jurgen Storbeck, head of Europol, by Victor Smart in Amsterdam; date not given. "Europol Warns on Trade in Migrants"]

[FBIS Transcribed Text] The Head of Europol has urged that the process of ratification for his fledgling 15-nation police agency begin immediately. His plea comes with a warning that trafficking in illegal migrants has reached epidemic proportions.

The Italians' European Union rotating presidency has been given until the Florence summit in June to resolve a long-running dispute delaying Europol's formal launch. Fourteen EU countries believe that the European Court of Justice should have a role overseeing the new organisation, but Britain is resolutely opposed.

In the interim the police intelligence agency has been operating on an *ad hoc* basis as the European Drugs Unit, but is unable to keep personal records on criminals.

Now Jurgen Storbeck, head of the unit, has urged parliamentarians to set in train the work of approval immediately. In an interview with The European, he said: "I would like the process of ratification begun straight away. It needs to be quite long if there is to be full parliamentary debate in each EU state."

"The question of whether or not the Court of Justice is to oversee Europol can be resolved successfully if there is goodwill and a bit more reflection."

"Once that is done we can proceed speedily with full ratification if most of the other aspects have been considered already."

Such an approach — getting on with the ratification pending full agreement — has also been backed by the commissioner in charge of police matters, Anita Gradin, and the European Parliament.

Frustration at the failure to get Europol, based in The Hague, up and running is aggravated by the emergence of new types of crime, especially sophisticated networks

involved in smuggling people into Europe. These crimes are forcing Europol to refocus its activities.

According to Storbeck: "The trade is probably every bit as violent as drugs traffic. Migrants pay, say, \$5,000 to be smuggled. They are looking for a better life but they don't know what they are getting themselves into. Few can escape the trap. Violence is used to force women into prostitution. People are forced to live under the conditions of slavery, without a passport, sold to work in restaurants or elsewhere."

Europol estimates that the number of people being brought into Europe runs into hundreds of thousands each year. Last December Europol pioneered a coordinated approach when several arrests were made in the Netherlands following a complex operation in Benelux, Germany and Britain. A group of migrants, predominantly from the Indian sub-continent, were caught before they were able to settle illegally in Britain or continue their journey to North America.

"There is a gap in police co-operation here," Storbeck said. "In some countries three or four different government agencies are involved. The traffic may be a matter for the criminal police, the immigration service or perhaps the border police. Our task is to identify the correct agencies and get them to liaise with those from other countries."

However, the practical and legal problems are substantial. It is routine in drugs investigations for the author-

ities to allow "controlled deliveries", discreetly trailing illicit consignments before a seizure in the hope of catching the powerful men who direct the syndicates. Keeping illegal migrants in a container for such a purpose could have fatal results.

Similarly, a cache of drugs can be burnt after seizure, but countries will be reluctant to allow illegal immigrants on to their soil for fear that they cannot be repatriated.

Storbeck also warned that fundamentalist groups were also becoming more active in the trade from the Maghreb, although in a less developed manner.

Another development worrying Europol is the wave of cash of dubious origin being invested by Russians. Storbeck commented: "Russians are among the most active now in buying up any assets on the European markets, including shops, restaurants, clubs and offices."

"Favourite areas are the Cote d'Azur, Vienna, Berlin and Cyprus. Billions of Russian dollars are being channelled each month to Cyprus alone."

The Europol chief added: "No one can be quite certain whether they have made the money inside or outside the EU and whether it has been acquired legally or illegally. But much of it is obtained through extortion and other criminal activities."

Austria: Einem Sees Long-Term Arms Caches Clearance

AU310111-196 Vienna ORF Teletext in German
1007 GMT 31 Jan 96

[FBIS Translated Text] About 10 to 15 U.S. arms caches in Austria are to be secured or cleared per month, Interior Minister Caspar Einem told the parliamentary internal affairs committee yesterday. Priority will be accorded to those caches close to residential areas.

Because there are 79 of these caches, according to the U.S. documents, the clearance will take several months.

Both Minister Einem and Interior Ministry General Director Sika issued a repeated warning against revealing the location of the caches. That would attract weapons-enthusiasts and criminals, they said. The Bundesheer will render assistance in the clearance.

Austria: Search for Arms Caches To Begin Next Week

AU3101143596 Vienna KURIER in German
31 Jan 96 p 9

[Report by Peter Grolig: "The Search for the Weapons Should Begin Next Week"]

[FBIS Translated Text] "We will commence the operational part of the search for the arms caches in the middle of next week at the earliest," says Austria's security chief, Michael Sika. Sika heads a 12-man government commission due to solve the problem of the U.S. arms caches.

Although the security director expects "no difficulties whatsoever" with the excavations, keeping them a secret is giving him major headaches. "Some media have already started a contest to get their hands on the list of locations," he says, shaking his head. "If this list is publicized, it will make no difference if the locations are correct or not."

In any case, Sika expects that the police in Salzburg and Upper Austria will soon be overwhelmed with the work of fending off "treasure hunters." "In view of the grenades and explosives, the danger of these caches is not to be underestimated," he says.

One officer of the mine disposal squad chides the Interior Ministry's "obsession with secrecy." "What difference does it make if someone has lived next to an arms cache for 40 years and never knew about it?" he asks. How and when property owners will be approached is still the subject of talks. On the one hand, the government commission wants to cooperate with the property owners concerned. "On the other hand, we

want to prevent people from getting there before we do," says Sika.

After a preliminary study of the CIA list of locations, Sika does not expect any "surprises," even if the landscape described in the list has changed a little since the caches were established.

In other words, it is unlikely that the caches have been built over, or even that some of them may already be situated beneath highways, as people have already claimed.

Exhaustive talks will be undertaken with "crown jurors," scientists, and environmental experts this week. At the same time, "reconnaissance troops" will keep an eye on the locations. Next, "battle plans" will be drawn up regarding equipment and the extent of Bundesheer assistance. "We will probably be able to begin excavation work in the middle of next week," says Sika.

Austria: British Arms Depots Dismantled by End of 1965

AU0102132096 Vienna WIRTSCHAFTSWOCHE
in German 1 Feb 96 p 23

[Report by Elisabeth Horvath: "The Noble English Way"]

[FBIS Translated Text] The report to the Interior Ministry is marked "Top Secret — Doubly Restricted [unter Doppelverschluss]." The author is Arthur Winkler, former security director of Klagenfurt. The date: 3 December 1965.

This report notes that, due to an "interministerial agreement," on 30 November 1965 a "committee consisting of the following persons" met in Klagenfurt "to clarify the still open questions in connection with the depots of the former British occupation force": Dr. Zwettler as representative of the Interior Ministry, Major Mautner as representative of the Defense Ministry, and Dr. Winkler as representative of the Carinthian Security Directorate. Then the report goes on to describe in several pages how the depots established by the "British occupation force" in Carinthia were cleaned out up to the beginning of 1965, which items the British put into the depots, and what has been done with them. "Guns and ammunition," the report says for instance, "were sent to the weapons facility of the 7th Mountain Brigade and will be destroyed there. The canned food was taken out of the boxes, was loosely mixed with earth and then thrown into the depot, which was then filled with stones and covered with earth until it looked as it did before. Appendix II includes a photograph of the depot's original condition, which is approximately the same as after the depot was cleaned out."

Or: "This is shown by, among other things, the fact that the other depots cleaned out by the Austrian Army did not contain Lee-Enfield guns but exclusively U.S. carbines, British and American submachine guns, as well as British pistols."

This document shows at least that by the beginning of December 1965 all arms depots established by the British had been cleaned out. This is also confirmed by Arthur Winkler, who is now retired: "All depots were dug up at that time; nothing is left."

On the other hand, this report proves that the Austrians knew that these depots had been established and what they contained, which means that, in contrast to the Americans, the British obviously gave the Austrian authorities a detailed map: "The depots were established in 1952. Already at that time the British provided written documentation, above all maps." However, Winkler does not tell which public authorities, ministries, and persons had the written documentation. Nor does he say where the depots were in Carinthia. Winkler refers to his duty to secrecy, which the Interior Ministry refuses to lift even now. He just adds: "They were depots for partisan units, which would have to be formed if Austria were overrun by the Soviet Union."

Comprehensive Military Concept

For Liberal Friedrich Frischenschlager, the former Freedom Party of Austria defense minister in the Sinowatz/Steger Government from 1983-86, this report and Winkler's statements are one more piece of evidence for the fact "that there must have been a comprehensive military concept. One must ask which circles and which persons in Austria knew about it and why did the Americans not officially tell Austria about the U.S. arms depots when the British depots were cleaned out, which was in all the newspapers?"

Austria: Commentary Notes NRO Discovery of Hidden 'Billions'

AU0102170796 Vienna DER STANDARD in German
1 Feb 96 p 1

[Commentary by "jk": "Ultimate Treasure Hunt"]

[FBIS Translated Text] The U.S. intelligence services are not just keeping Austria busy with what they buried here in the past. They are also tough on themselves.

Take the National Reconnaissance Office (NRO) for instance. This authority, which specializes in espionage by satellite, hid \$2 billion so well that it was unable to find the money again. Even the NRO chiefs had no idea where the billions were, the Senate in Washington says, according to THE NEW YORK TIMES.

Finally, an examination of the books discovered the money. It had been put into various accounts. Now the money is to be used to pay the costs of the U.S. peacekeeping forces in Bosnia and to buy strategic B-2 bombers.

It is not known how many agents were searching for the billions, which had been covered up so masterfully. The idea could certainly be expanded — in the sense of a work therapy that does not permit experts in reconnaissance, espionage, and subversion to go astray in the first place.

The working hypothesis: Money makes intelligence services harmless, if one permits them to hide it so well that they find it only when they no longer need it.

Austria: Advance Party of 70 Troops Departs for Bosnia

AU0102192696 Vienna ORF Teletext in German
1909 GMT 2 Feb 96

[FBIS Translated Text] The first troops that will take part in the peace mission in Bosnia set off for the country from their base in Gratkorn, Styria, this morning. The advance party consists of 70 men, most of whom are engineers. They are to set up a base near Sarajevo.

Another 270 Austrian troops are to be transferred to Sarajevo in two weeks. They will mainly assume responsibility for transportation tasks as part of the IFOR [Implementation Force] mission.

UK: New Round of Talks With Ireland Under Way
 LIR002204296 London PRESS ASSOCIATION
 in English 1996 CMT 1 F-b 96

[By political correspondent Gavin Cordon]

[FBIS Transcribed Text] Britain and Ireland were tonight preparing to embark on a new round of "intensified" negotiations in a drive to find a way forward in the Northern Ireland peace process.

Irish Deputy Prime Minister Dick Spring and Northern Ireland Secretary Sir Patrick Mayhew agreed to meet again in Dublin next Wednesday (7 February) after four hours of talks in London. They are also to hold a fresh round of meetings with the Northern Ireland parties over the coming days.

The two governments failed to resolve their differences over Britain's proposals for an elected assembly in order to break the current impasse in the peace process.

Mr Spring said his government still had "reservations" about elections, but it was prepared to discuss the prospect with the British Government, and with the unionists who originally proposed them. It would be "resolving business because there is business to be done."

Sir Patrick acknowledged that there could not be elections without the "broad agreement" of the parties. "Elections which are not broadly acceptable would not serve the purpose," he said. Nevertheless, he believed agreement on an elected body could be achieved by the end of this month — the target date previously agreed by the two governments for the start of all-party talks.

Ulster Unionist leader David Trimble, who met John Major for 75 minutes in the Commons, said he believed that elections were now the only realistic option for advancing the peace process.

"We noted there has been progress with regard to that issue and a degree of acceptance is perhaps beginning to be built by those who were reluctant to accept that way forward," he said.

Mr Trimble said he thought the target of elections by April or May was still possible although he expressed concern that the Government had not done enough preparatory work. He thought it would need two Bills — one to set up the "peace convention" and a second to deal with the decommissioning of terrorist weapons — to get the process under way. Once elections had been held the Ulster Unionists would be prepared to enter into "dialogue" with Sinn Féin but there would still have to be decommissioning of IRA arms before substantive negotiations, he said.

Mr Spring, however, made clear that if there were elections, since they had been held there could be no further obstacles to all-party talks.

"I think the people who would go into an election process would want to be very clear as to what happens and that there are no further hurdles to be jumped after the election process," he said.

Sinn Féin president Gerry Adams, in Washington to lobby support, underlined his opposition to elections as a pre-condition for all-party talks. He told a group of Congressmen that John Major was "not serious" about bringing peace to Northern Ireland. "Whatever you do you have to treat that as a must."

Later, he met President Clinton's National Security Adviser Tony Lake and signs that the US administration is becoming impatient with Sinn Féin's refusal to accept elections.

Tonday's developments followed a week of angry exchanges between London and Dublin following Mr Major's announcement last week he was considering an elected body for the Province. The proposal, following the report of the Mitchell Commission, provoked a wave of anger among nationalists who considered that Britain was allowing Unionists to call the tune.

However, Mr Major has remained adamant that elections were the only alternative to the IRA decommissioning its weapons before all-party talks. He said they would offer Sinn Féin a "passport" to the negotiating table by giving them a democratic mandate.

UK: European Commission Official Views UK Position on EMU

MNO02720496 London INDEPENDENT in English
 2 Feb 96 p. 19

[Article by Leon Brittan, vice president European Commission. Don't Misread Europe's Real Moral.]

[FBIS Transcribed Text] A wave of wishful thinking, selective reporting and premature gloating is distorting Britain's perception of the European monetary union (EMU) project just when we most need to keep our wits about us. Britain must decide at some time in the next few years whether it suits our interests to join a single currency or not.

It is on the pros and cons of joining that Britain's industrialists, politicians and ordinary citizens should be concentrating their thinking. Instead, we are effectively being told that we do not need to think about it any more for the deadline and the terms are unvarying, just as the British always said they would.

It is comforting to be told that you do not need to answer a difficult question, but it can be dangerous to duck out of it that way. Sound policy-making requires a much less self-serving view of what is really happening in Europe today.

The wishful thinkers argue that the voyage towards monetary union is finally hitting the rocks of economic reality as key Germans, French and other Euro-enthusiasts are voicing doubts about the timetable and, indeed, the very project itself. They gleefully point out that even the grand architects, former French President Valéry Giscard d'Estaing and former Commission President Jacques Delors among them, are starting to admit the folly of their construction.

But hang on. Only yesterday Mr Delors said just the opposite. Solemnly I say that any delay in applying the treaty (on EMU) would be a catastrophe, for European integration as well as for the management of currencies... to want to soften the criteria is counter-productive. And only two days ago, Giscard reiterated his determination to see the 1999 deadline respected.

Across the Rhine, Günther Rexrodt, Germany's economy minister, said "I am firmly convinced that we must adhere to the agreed plan with the start of EMU on 1 January 1999, and to the convergence criteria as they were agreed in Maastricht." The French and German governments have officially echoed this view, as did most of the European Union's foreign ministers at their meeting on Monday.

According to ancient legend, the gods cursed Cassandra with the ability to predict future events but never to be believed. There is a tendency for the British to feel touched by the same curse when it comes to Europe, and never more so than now. The British have every right to their own views on the merits of the timetable of a single European currency. Indeed, the natural scepticism and pragmatism of the British are much-valued assets in the EU — they have helped see off unnecessary legislation in the past.

However, it is vital for Britain to read all the signals coming from the rest of Europe, not just those which fit the mood of the moment. The fact is that France, Germany and most other EU countries continue to be determined to start the single currency in 1999. As long as Chancellor Helmut Kohl heads Germany he will press on with this goal with rock-like determination. And he is a pretty formidable rock.

In France, what is significant is not that French plans to meet the convergence criteria led to strikes and demonstrations, but that the French government pursued those plans knowing perfectly well how unpopular they

would be and has been continuing the same policy since the strikes finished.

None the less, it is reasonable to ask, even if the political will is still there, do the economic realities permit the goal to be reached on time? France and Germany have, for example, failed to bring their budget deficits under 3 per cent of GDP, as required by the Maastricht convergence criteria. But they do not have to do so until the end of 1997. The German budget deficit has hovered around the 3 per cent mark for several years, even falling below it in 1994. The faltering German economy has pushed the figures up a notch. But Germany has two years to shave off just 0.5 per cent, and has shown itself quite capable of taking the action necessary to make that possible.

For France it will be harder but by no means impossible. France has already cut its deficit from 6 per cent in 1994 to 3 per cent in 1995, and Prime Minister Alain Juppé's deficit reduction plan has managed to survive the massive wave of public-sector strikes, although the degree of *shadenfreude* felt in Britain at France's troubles has obscured this fact.

Britain cut its deficit by almost 3 per cent in two years, and there is no reason why France will not manage a further 2 per cent cut over the same period of time. Admittedly, the economic climate is not ideal. Both Germany and France have announced packages to boost jobs, growth and confidence, but the small print in those packages shows that slimming the deficit still takes precedence over all else.

The British wishful thinkers believe the pressure to delay the 1999 deadline is now too strong to bear and that something must give sooner or later. Some are publicly willing it to happen sooner, a tactic which is likely to be counter-productive and to have just the opposite effect in Germany and France, particularly if there is any suspicion of mischievous motives on Britain's part.

Opinion-poll gazers, too, who suspect that public support is slipping away, should be less selective in their choice of statistics. There is still majority support for a single currency in most EU countries except the UK, Germany, Sweden and Denmark (where opinion is fairly evenly split).

Early in 1998 all the countries, including Britain, will decide, on the basis of economic data covering the previous year, who will join a single currency in the first wave and who will not. Some countries are likely to be eligible by then. Others would be happy to see a short delay, but only because they wish to join at the outset of EMU rather than in a second wave. Yet

even they are enacting bold economic reforms to show that they mean to qualify for participation at the earliest possible date.

To postpone the starting date or weaken the criteria for participation would be to remove the pressure for reform that is leading so many countries to make the necessary structural changes which have been long delayed — and which would not take place without that pressure. Those reforms are, in any case, necessary for Europe to be competitive. Whether you want a single currency or not, they make economic sense. That is why the British government has run the economy in order to meet the Maastricht criteria, even though Britain has not committed itself to join the single currency and only has an option to do so.

Having fought hard as a Treasury minister in Margaret Thatcher's team into the early eighties to persuade this country to pursue sound fiscal and monetary policies, I find it particularly unedifying to watch Euro-sceptics ditching their own cherished economic values, indeed the values that have served this country so well for more than a decade, just because the dreaded M-word has attached itself to them.

UK: Bank Governor Displeased With Clarke's Rate Cuts

MS0102135496 London THE DAILY TELEGRAPH
in English 1 Feb 96 p 21

[Report by Anne Segall: "Clarke and Bank Split Over Rates"]

[FBIS Transcribed Text] The chancellor, Kenneth Clarke, appears to have acted against the advice of Bank of England governor Eddie George in cutting interest rates twice within the space of just five weeks.

Minutes of the meeting on December 13, at which the first of the two rate cuts was decided, reveal that Mr George was less enthusiastic about reducing the cost of borrowing than the chancellor despite expressing some satisfaction at the receding threat of inflation.

Mr George made it clear that any move back in December to cut rates by more than 0.25 percent to

6.5 percent would have been opposed by him. He said at the time that a bolder move "would look as if the top priority were no longer the attainment of the inflation target". That would have damaged the credibility of the monetary framework, creating risks for sterling.

Mr Clarke was tempted to go there and then for a full half point off rates, claiming that the issue was no longer "whether interest rates should be reduced but by how much". He describes the decision to move cautiously as "finely balanced". The strong growth of money and last-minute evidence of a pick-up in consumption had swayed him, as had the governor's warning that cheaper money might work through just as the economy was recovering briskly of its own accord. In his own words, "given the delayed impact of any reduction in interest rates on economic activity, there was a possibility that a large cut in interest rates could stimulate the economy at precisely the time when growth was picking up anyway."

Despite cheaper money, the chancellor believes the government is "on course to meet its inflation target" of 2.5 percent and believes inflation could even fall well below 2.5 percent. The governor, though more sanguine than in the past, is only willing to accept that the chances of achieving the inflation target have improved.

David Walton, economist at Goldman Sachs in London, said yesterday: "It is difficult to believe that the governor could have been anything other than distinctly unenthusiastic about the January cut." The speed of the second rate cut and the governor's refusal to give it his public backing has raised suspicions of a new policy clash.

A three billion pound auction of gilt-edged stock was almost two times subscribed yesterday but a large proportion was sold at the lowest accepted bid price, suggesting investors in gilts will only come up with the money needed to cover the government's debts if offered attractive terms.

**Germany: Kinkel Renews 'Security Partnership'
Offer to Russia**

UD0102162496 Berlin DDP/ADN in German
1547 GMT 1 Feb 96

[FBIS Translated Excerpt] Bonn (DDP-ADN) — German Foreign Minister Klaus Kinkel has renewed the offer made to Russia to build a security partnership in Europe together with NATO. Security in Europe can be created "only with Russia and not against Russia," Kinkel said after a meeting with NATO Secretary General Javier Solana in Bonn today.

Kinkel said that adjusting the alliance's forces and command structure "to the new tasks" is another "great task" for NATO. NATO should be deployed "in the best possible way" when tackling international crises. There should be no cutbacks as regards "the core task of collective defense."

Kinkel added that the possible opening-up of the alliance to new members will be "directed against no one." Rather, the objective is to include the neighbor to the East in the security structure. He hopes that through co-operation with the Russian troops in former Yugoslavia, Russia's "fear of being encircled" can be overcome. [passage omitted]

**Germany: Commentary Views START II Treaty
Ratification**

AU0102143196 Berlin NEUES DEUTSCHLAND
in German 30 Jan 96 p 2

[Commentary by Frank Wehner: "Wasted Years"]

[FBIS Translated Text] For once, we did not receive bad news from the U.S. Senate! START II, the second treaty on the reduction of strategic nuclear weapons has finally been ratified — three years after its signing. However, this is not really a reason for rejoicing.

Too much time has been wasted, and considerable doubts still exist as to whether Russia and the United States will reduce their nuclear warheads to "as few as" 3,000 to 3,500 by the year 2003. The bickering has shown that there are strong forces that want to undermine the implementation of the agreement. There are several possibilities to achieve that — not only through a "no" at the U.S. Congress. A violation of the Antiballistic Missile Treaty, which is closely linked with START, can also serve this purpose.

In addition, the distrust between Washington and Moscow has again increased to such an extent during the time that has elapsed since the signing of the agreement that the approval of the Russian parliament is by no means a foregone conclusion.

In any event, nobody is any longer thinking about START II, which was once expected to be the logical continuation on the path toward a nuclear-free world. In the quagmire of wasted years, the momentum of disarmament has vanished completely.

Ten years ago, Gorbachev's proposal that all nuclear weapons should be eliminated by the year 1999 shook the world. What has become of the vision? If everything goes well, the United States and Russia will possess warheads with a destructive power of over 100,000 Hiroshima bombs in the year 2003 — and even that is not certain.

**Germany: BDI Criticizes U.S. Taxation of
Multinationals**

AU0202082396 Duesseldorf HANDELSBLATT
in German 1 Feb 96 p 9

[Report by "df": "BDI Concerned Over U.S. Taxation of Multinationals"]

[FBIS Translated Text] Duesseldorf — With the globalization of the economy, multinational companies that balance the internal exchange of goods and services through transfer prices within the concern itself can allow profits to arise wherever national taxation rates are lowest. As a result, fiscal authorities all over the world are competing with each other to ensure that profits are declared and taxed in their country as much as possible. According to the BDI (Federation of German Industry), the U.S. fiscal administration is particularly aggressive in this regard.

The BDI says that, under current U.S. law, civil law agreements between companies linked internationally, that is, contracts regarding transfer prices within a multinational company, are being manipulated arbitrarily by U.S. fiscal authorities with the goal of ensuring that profits arise in the United States to the maximum extent.

The organization asserts that this is particularly evident in the case of the "best method rule," which does not employ the usual comparative methods to determine whether a transfer price is reasonable. The U.S. fiscal authorities are no longer satisfied with proof that the terms and conditions of the exchange of goods and services are proper and are customary between third parties. It is more a case of the onus being on the tax-paying company to present all the relevant comparative data, including concrete prices in business with companies outside a multinational, before it can carry out a transaction and, moreover, it is required to decide on a particular method for determining transfer prices. In

addition, the company has to produce and retain documentation for all other possible methods for determining transfer prices.

The BDI says: "As a result, in many cases, the impossible is demanded of companies and the authorities have complete freedom of choice regarding the methods that are applied, including erroneous external profit comparisons. Further, the U.S. fiscal authorities are empowered to impose draconian punitive surcharges even if the company concerned is not at fault. The one-sided requirement to provide proof leaves companies largely unprotected from being pressurized by the U.S. fiscal authorities."

Thus, the door is being opened for fiscal arbitrariness in the United States. The rivalry between national fiscal agencies is said to be assuming alarming dimensions. The BDI has also indicated that the OECD is teaming up with the Americans. According to the BDI, the OECD's latest transfer price guidelines show that exceptional procedural concessions have been made to the United States.

According to the BDI, official U.S. circles have announced that the OECD approves of the U.S. practice and that its guidelines agree with U.S. rules. Therefore, it has to be feared that the U.S. financial authorities will continue to insist on the routine procurement of documents on transfer price methods that the affected enterprise justly did not use for its transfer prices.

The BDI said: "At the bottom of it is the obvious intention of the U.S. financial authorities to push through technically unjustified increases in profits to the advantage of the U.S. fiscal authorities with the help of information that are extorted from the taxpayer by threats of draconic fines. This applies above all to the comparison of profits, which is completely unusual between third parties and which the United States seeks to push through, especially in the wide field of distribution."

In view of such tendencies and the vague scope of the new OECD recommendation, German industry is afraid of an increasing danger of international double taxation with decreasing chances of solving the conflict. For a long time, the economy has called for the introduction of obligatory, independent arbitration proceedings, whose ruling would bind the states involved.

Instead, the OECD banks on a so-called "monitoring," that is, a mutual exchange of experience, which is to improve and supplement the new guidelines, with practical experiences being taken into account. The enterprises are to expose violations of the new guidelines, present concrete problematic cases from practice, and submit theoretical questions from the field of transfer

prices. These contributions should be funneled together by the Economic Advisory Committee attached to the OECD and passed to the OECD for deliberations. In the BDI's opinion, the United States is very reserved toward the monitoring.

Thus, the topic of international transfer prices continues to be an issue for the German economy that is active in the United States. It has to be assumed that other states will follow the U.S. example. The danger that an international area conflagration is developing here at the expense of international cooperation with the consequence of heavy double taxation has by no means been excluded.

Germany: Government Insists on Reactor With Weapons-Grade Uranium

AU0202090396 Dusseldorf: HANDELSBLATT in German 1 Feb 95 p 7

[Report by "tl": "Bonn and Munich Want Garching"]

[FBIS Translated Excerpt] Bonn — Despite strong objections, above all from the United States, the FRG Government and the Bavarian Land Government want the research reactor Garching II to operate on weapons-grade uranium. Bernd Neumann (Christian Democratic Union), state secretary in the FRG Research Ministry, stated this on behalf of the government in the responsible Bundestag committee yesterday. [passage omitted]

Meanwhile, the FRG Government rejects the possibility that was temporarily considered, that is, to operate the Munich reactor on a fuel that is only 70-percent enriched instead of 90-percent uranium. The United States has also objected to that and insists on operations with slightly enriched 70-percent uranium. In this way, however, the desired reactor performance cannot be achieved, the FRG Research Ministry stated.

For the first time, Neumann confirmed afterwards that talks had been conducted with Russia to open up additional supply sources for highly enriched uranium. It cannot be ruled out any longer that Russian sources are also taken into consideration for the supply of the Garching reactor. The total costs of the project amount to 720 million German marks (DM), DM690 million of which fall to the construction costs of the building and DM30 million to the development measures. The general contractor costs for Siemens AG amount to DM504 million, it was stated.

A motion by the SPD (Social Democratic Party of Germany) to disapprove of the FRG Government's behavior was rejected yesterday by a narrow majority in the committee. Bonn accepts that the supply with highly enriched uranium creates a civilian market for weapons-

grade uranium by which industrial threshold countries like India, which operate research reactors with clearly military intentions, might also be. At in the future, the SPD criticized. [passage omitted]

Germany: Firm Trained Iraqis To Build Centrifuge Plants

AU0202112996 Hamburg BILD in German 2 Feb 96
p 2

[Unattributed report: Nuclear Affairs: German Company Trained Saddam's Bomb Builders"]

[FBIS Translated Text] Germany is once again coming under suspicion in connection with Saddam Husayn's dream of a nuclear bomb. A German company is said to have trained Iraqi engineers to build centrifugal plants for enriching weapons-grade uranium.

According to information available to BILD, this is indicated in a top secret report by the International Atomic Energy Agency (IAEA) in Vienna. The report says that Iraq has admitted that several Iraqi engineers took part in a training program by a foreign company in connection with the construction of a centrifugal plant in Al Furat. In the course of this program the engineers were also informed about technical details of enriching uranium. Highly-enriched uranium is the most important component in the construction of a nuclear bomb.

According to research done by BILD, the "foreign company" is a firm called "Interatom" in Bergisch-Gladbach.

France: Prime Minister Defends Economic Program

LD0102145196 Paris Europe No. 1 Radio in French
0635 GMT 1 Feb 96

[Studio interview with Prime Minister Alain Juppe by correspondents Catherine Nay, Olivier de Rincquesen, and Alain Duhamel—live]

[FBIS Translated Excerpt] [Duhamel] Prime Minister, hello.

[Juppe] Hello, Alain Duhamel

[Duhamel] Thank you for accepting this invitation by Europe No.1's editorial staff. Now, of course we will be talking to you about the recovery plan, the reactions it has provoked, France's social and economic situation, unemployment, and social problems. The first question is this: Part of your own majority believes the recovery plan that you presented is too timid. How do you answer them?

[Juppe] First of all, I haven't heard that...

[Duhamel, interrupting] Oh yes, Mr. (Novelli)

[Juppe] And I have even... [pauses] A small part of the majority — but the immense majority of them approved this plan. For eight months now, what have we been doing? First, we have consolidated France's position, a position which was not good. Our finances were going adrift; that tendency had to be stopped. That involved difficult and unpopular decisions; we took them; and I think that little by little, the French people are understanding they had to be taken. [passage omitted]

[Rincquesen] [Words indistinct] an argument that had been used against you; namely, that it is the banks which have really profited and which are going to profit from the cut in interest rates. Does that seem reasonable to you?

[Juppe] I do not think that is true. For a few months now — since October — the banks have been cutting their interest rates by 1.2 percent and there has been a general fall in rates in the economy; and I would like to highlight a...

[Rincquesen, interrupting] It is less than the global fall

[Juppe] Nevertheless, 1.2 per cent is large. [passage omitted] But I would like to stress one thing. This interest rate cut is a great success for government policy. It is an objective we set ourselves when we arrived, and what does it mean? Well, it means international confidence in France has returned. Abroad, it is known that France has become a serious country again, that its finances are being run in a serious way, that it has objectives and sticks to them. Well, now national

confidence, internal confidence has to return, too. But I repeat that the lowering of interest rates is a mark of international confidence in France, which is a country considered to be a stable country with prospects for the future. [passage omitted]

[Duhamel] Wouldn't something a little more provocative have been in order? For example, the German recovery points to a tax cut, albeit in two years' time. Couldn't you have chosen a formula with more added vitamins as that is the formula of Mr. (Rix-Doppo)?

[Juppe] I am convinced that if I had come to tell you we were going to cut taxes in 1998, you would have bitterly reproached me for counting my chickens before they hatched. There are similarities between France and Germany. Growth has slowed in Germany as in France; unemployment, alas, began to rise again at the end of last year in Germany as in France. That is why we have discussed matters with our German friends in order to understand the situation well. But our countries also have their differences. The Germans are suffering the effects of wage inflation, which France has not experienced, whereas France had an interest rates problem. That is the reason why our plans are not exactly identical.

As for cutting taxes, what has the president of the Republic said, and what have I said myself? That after the levelling which was necessary in order to cut deficits, reestablish confidence, and thus cut interest rates, our aim was to cut the tax (position) in 1997 and 1998. So we have also forecast what the Germans have forecast.

[Nay] Unemployment has just gone back over the 3 million mark. Did you expect that?

[Juppe] The slowdown in growth, which, as I have said, has been noticeable in France, in Germany, and all over Europe since October and November, made it possible to expect that. Moreover, there was the strike action in France, which solved nothing; so we knew things were going to get worse, and we know, alas, that they are going to continue to get worse for another three or four months. What is vital is to spur recovery from the second half of the year onwards. When one looks at the development of unemployment, what has happened? We have scored points in the field of long-term unemployment. I want to repeat that. [passage omitted]

[Nay] In a word, from when do you think the unemployment rate can turn around, this time in the right direction?

[Juppe] It must turn around in mid-1996. That is the common aim which the Germans and the French have set themselves.

[Dunamel] All right. [passage omitted]

[Rincquesen] Europe No.1 is organizing this week a sort of analysis of France in crisis, region by region. I would like to know [words indistinct]. In a few words, I would like to know what Dr. Juppe's diagnosis of France's social crisis is.

[Juppe] [passage omitted] My diagnosis is that France has difficulties; I would say France — I don't like the phrase France in crisis that much; I would say France is adapting, making adaptations which have been put off for too long. I shall take an example which affects me very closely as a man from Aquitaine and as mayor of Bordeaux. For years and years, it has been very well known we cannot continue spending as much on our national defense as when the Berlin Wall existed, as much as during the Cold War. That is well known, and nothing has been done to prepare for it; and today we find ourselves -- I find myself with my government — in a situation where we have to restructure our whole arms industry. We are going to do it; we will provide whatever money is necessary for the regions concerned so they will not be penalized, an immense transformation has to be carried out. [passage omitted]

[Duhamel] Well, Mr. Juppe, those will be your last words for today.

France: Article on Chirac's U.S. Trip, NATO Policy
BR0102142196 Paris LE MONDE in French
1 Feb 96 p 3

[Article by Alain Frachon and Daniel Vernet: "Jacques Chirac Calls For a Pragmatic European Defense Concept"]

[FBIS Translated Text] On Thursday, 1 February and Friday, 2 February, Jacques Chirac will be on a state visit that will take him to Washington and Chicago. Before meeting with President Clinton he will have to defend the idea of a European defense identity within the Atlantic Alliance. Following France's rapprochement with NATO he is expecting a significant gesture from his partners.

On Thursday Jacques Chirac will embark on an official visit to Washington that he was unable to fit into his schedule in November 1995. Now would appear to be a better time to speak to the Americans about the restructuring of NATO and the constitution of a European defense identity, in particular. The French president has a legitimate reason to expect some positive signals from Bill Clinton on these two subjects which

are close to his heart. Indeed, just recently France has made some gestures to its allies that were still only sketchy in November 1995 — participation in NATO's integrated institutions — whereas back then France was right in the middle of its series of nuclear tests. Having announced the definitive end to the tests, Mr. Chirac is now more at ease to develop his ideas on security-related matters.

The French leaders are refusing to talk of a return to NATO because they believe that the present Atlantic organization is not the same as the one it left under General de Gaulle in 1966. The end of the Cold War and the definition of new missions mean that it has already undergone a fundamental change. The decision made on 5 December 1995 should enable the movement concerned with reforming the Alliance to remove the obstacles that an overly rigid French attitude vis-a-vis NATO provoked among our allies, including our closest European partners. Some have reacted positively: the Germans by agreeing to envision submitting joint proposals together with the French for a European defense identity within the Alliance, and the British by accelerating a dialogue on the same subject that was already under way.

Mr. Chirac is now awaiting a response from Bill Clinton — indeed confidently so too, as Paris puts it. Bill Clinton is the most accommodating U.S. President in a long time on the subject of recognizing Europe's role within NATO. The next stage will be the meeting of the Allies' 16 foreign ministers in Berlin in June, which should at last flesh out the agreement in principle reached in 1994 on the Combined Joint Task Force (CJTF), the first skeleton of a European force benefiting from NATO funds.

The French concept of Western security remains based on the creation of a European defense identity, as provided for in the Maastricht Treaty, and the constitution of a European pillar within NATO. How will these European and Atlantic components — which must be autonomous without unnecessarily duplicating any work, complementary, and non-competitive — fit together? France wants to issue a very pragmatic response to this question, one which takes account of its allies' positions and also respects the developments within NATO with which it has not been closely involved over the last few years. The Western European Union (WEU) should be called upon to play a role but the diversity of its members — whose status differs and which do not all belong to either the EU or NATO — means that any common foreign and security policy matters will have to be dealt with at intergovernmental level. The main thing from the French point of view is that the reform of the Alliance leads to concrete changes. NATO's equipment and lo-

gistics — most of which belongs to the United States — must be available for use by either all, just some, or even one of its members, depending on the case in point. The Europeans must be able to use NATO for an operation in Europe in which the United States did not want to participate.

France is counting on the fact that its program to bring NATO up to date will facilitate the implementation of the celebrated CJTF's which have remained in abeyance owing to a certain lack of zeal on the part of our European partners and some reservations on the part of the United States. NATO could potentially operate on three levels.

- The Allies, in other words the Americans and Europeans, could decide to act together within the framework of the organization's new missions. They could share use of NATO's equipment and logistics. One example is IFOR (Implementation Force), the U.S.-European force deployed in the former Yugoslavia to ensure compliance with the peace agreements. This force is commanded by an American — since the United States has provided nearly one half of the troops deployed there — who has a European, currently General Bernard Janvier, as his deputy.

- Only the European members of NATO, or some of them, would commit themselves; within the framework of a CJTF, led by a European officer, they would have all the equipment stored in Europe by NATO at their disposal, albeit subject to "consultation" with the United States, seeing that a high proportion of the resources used would be American. This is not merely a textbook

scenario. What would have happened if the United States had not participated in IFOR and envision what will happen next November if the Europeans stay in Bosnia while the Americans decide to leave?

- But a European country on its own might want to benefit from the use of certain NATO resources — especially air transport — to carry out a particular operation, for example France seeking to intervene in Rwanda or Burundi.

In the evolution of NATO that France would like to see, the role played by a nuclear deterrent will become less important. Deterrents belong within the doctrine of the Cold War and will remain relevant for as long as the situation in the East continues to pose risks. However, they are patently less suitable for meeting post-Cold War security requirements. This is a valuable point for all sides, both for NATO and for France. Paris's new readiness to talk about a "joint deterrent" with its partners and to debate the matter within NATO is an additional indication of its goodwill toward the Alliance.

This goodwill is part of the new French approach since Jacques Chirac became president. The view is that there will be no defense of Europe without the Europeans, and France's partners in the EU will only follow it if they are convinced that its approach is not directed against the United States or NATO. Hence the rapprochement with the Atlantic organization and the idea underlying it: To help NATO evolve and induce it to take the situation in Europe into account, action must be taken from within.

Italy: Scalfaro's Speech on Maccanico Appointment
LD0102150696 Rome RAI Due Television Network
in Italian 1200 GMT 1 Feb 96

[Speech by President Oscar Luigi Scalfaro at the Quirinale Presidential Palace in Rome—live]

[FBIS Translated Text] At the end of these consultations, of these triple consultations, I am very grateful for your patience, for your transmission of the news, for the work you have done. Thank you, truly, every one of you.

There are two things I wish to emphasize. The first is that it needs to be said once more that patience — and certainly not only on my part — has borne fruit: that is, that a path has been opened which at certain moments during the consultations seemed almost unreachable. Patience and perseverance, human rapport — these are also reasons for gratitude for all those who have been given these gifts, and they are also a lesson for those of us who bear responsibility in the political world, in the world of the state.

Second, I have a very personal reflection to make as a legislator who has spent 46 years in Parliament: that is, those understandings that were announced yesterday are understandings that exalt rather than diminish Parliament. An old parliamentarian can only feel comforted. The Italian parliamentary tradition continues with great energy, maintaining its strength alongside a new path which is being mapped out, which is that of the direct election of the head of state, and thus of active participation by the citizens. This is also a positive feature in political life.

These are all themes that will be developed, but the fundamental principals are particularly important: to seek in the European arena constitutional forms which already exist, in the strong wish to defend parliamentary tradition. At any time, democracies are truly measured by the strength of their parliaments and by the sovereignty of parliament. This too has seemed to me to be an act of balance and great wisdom.

I also have a practical observation to make. I decided to end the crisis with a certain rapidity because I was thinking of the absolute importance that the man chosen should have the space immediately to begin a task which is not easy. There were also two duties that I felt strongly about. Tomorrow, I will go to Bosnia to convey my greetings to the Italian soldiers there, to express the solidarity and gratitude of the Italian people for their presence, and to remember those who have already paid in some way, some of them in a very serious way. The day after tomorrow, I will go to Venice, because I have just spoken about this disaster [the burning of La Fenice

opera house] with Mayor Cacciari, and it seemed the least I could do to be close, to be with him, with all of Venice, and not only Venice. I called him this morning to say I would go on Saturday to express my intense solidarity.

Having said this, thank you again.

Italy: Bossi Says Maccanico Named To Avoid Elections

LD0102141196 Rome RAI Televideo Teletext
in Italian 1341 GMT 1 Feb 96

[FBIS Translated Text] The first comments of the Northern League leader [Umberto Bossi] to the news of Maccanico's being invited to form a government were ironic. "We needed an engineer, and instead we got Maccanico, which rhymes with mechanic," Bossi said. "He might be a pretend mechanic, but he is still a mechanic."

At least Scalfaro appointed someone," Bossi added. "Maybe he will even manage to form a government, but in three or four months everyone will realize that there was only an agreement in order to avoid elections. Left and right worked together to stop change."

Italy: CDU Secretary Calls Maccanico 'Excellent Choice'

LD0102153596 Rome RAI Televideo Teletext
in Italian 1501 GMT 1 Jan 96

[FBIS Translated Text] "Maccanico? An excellent choice," was the comment of Rocco Buttiglione on Scalfaro's decision.

The Christian Democrat Union (CDU) secretary, who called the prime minister-designate "a servant of the state above the parties" spoke of "a success for the center-right coalition" and attributed the principal merit to Silvio Berlusconi's initiative. Buttiglione pointed out that the guiding principle of the agreement was "reinforcing the executive without eliminating parliament" and expressed his wish that a technocrat such as Ciampi could play a part in the new government.

Italy: Commentary Sees Success for Maccanico

BR0202125296 Milan CORRIERE DELLA SERA
in Italian 2 Feb 96 p 2

[Commentary by Stefano Folli, "Ferryman's First Challenge: To Create Balanced Government"]

[FBIS Translated Text] Antonio Maccanico holds in his hand the strongest cards for forming a long-lasting government. Fate has granted him an advantage denied to the two previous prime ministers of this legislative

term, Berlusconi and Dini — the fact that he enjoys very broad political support, whose fabric has been apparent for some time and whose substance is very considerable. Forza Italia, the PDS (Democratic Party of the Left), and the AN (National Alliance) find themselves together within a clearly defined framework, all three of them involved for the sole reason that counts in politics — the fact that the interest of each of them coincides at present with that of the other two. The fact that Fini, D'Alema, and even Berlusconi are preparing to become part of the same parliamentary majority is unprecedented and reveals the historic significance of the event.

On the other hand, an agreement on reforms has yet to be reached, and this will severely test the prime minister's skills of synthesis and proposal. This, because the fact is that Maccanico will have to act above all as the "guarantor" of a dialogue that is bound to be conducted primarily between the major political forces, perhaps within an ad hoc parliamentary body. But the orientation that the prime minister-designate shows starting in today's talks is by no means irrelevant. Dini was brought in to tackle an emergency. Maccanico is preparing to become the actual ferryman from the First to the Second Republic. He was appointed by Scalfaro thanks to a desire for reform that all the parties have professed. It is natural that he will be expected to issue an impetus and also to display real mediating skills.

As France's Duverger said in Milan yesterday, there is a real danger of the semi-presidentialist model becoming emptied of substance along the way, to the extent of turning it into a grotesque hybrid, perhaps in the name of "adaptations" to the Italian situation. This is the new frontier of the political debate. This is apparent from the troubles affecting the Olive Tree, which promise a global reappraisal of tactics and strategies within the center-Left. The old PDS-PPI (Italian Popular Party) axis now seems meaningless, following the defeat of the conservative stance.

D'Alema has accepted the risk, thus destabilizing the Olive Tree in exchange for what Senator Passigli described as "a positive step forward toward a democracy

based on rotation in power." This half-open door to presidentialism could cost the Left dear, or it could lay the foundations for a future leadership capable of asserting itself within the context of a true two-party system.

As for the Right, Berlusconi has won a virtually impossible challenge. He has succeeded in keeping the Freedom Pole united and in guaranteeing himself a long period of political influence in this Italy of institutional transition. Of course, the distant future belongs not to him but to the emergent figures of the center-Right, first and foremost to Fini, whose star is now in the ascendant, but who must resolve the problem of the AN leadership class: The strange interplay between the old party and [AN ideologue] Fisichella is instructive in many respects, and certainly not positive ones.

Then there are the former Christian Democrat centrists. After the storm men like Casini, Buttiglione, and D'Onofrio are now finding a role for themselves by standing under Maccanico's banner. By virtue of his personal career and his institutional background as a nonconfessional closely associated with the Catholic world, Maccanico is naturally inclined to favor compromise solutions.

We will see some important pointers in the way in which his government takes shape. Maccanico knows that his trump card is speed — a week of negotiations, at the most. If the political crisis were to stagnate any longer it could produce some surprises. The problems are not insignificant. The prevalence of technocrats must be taken for granted, but what place will politicians occupy in the executive? And what will be the overall character of the government?

If the plan to involve both Dini and Ciampi succeeds, it will issue an unmistakable message to Europe in the field of economic policy. It will be up to men like Letta, Guarino, and Nenci to translate the moderate imprint of the "new" Berlusconi into practice. In that case D'Alema's task will be to respond in such a way as to prevent the Freedom Pole from succeeding in setting its own stamp on the Maccanico experiment.

Spain: Purchase of 15 French Helicopters Announced

BR0102142596 Madrid EL PAIS in Spanish
1 Feb 96 p 21

[Report by Miguel Gonzalez: "CESID Will Strengthen Its Internal Security To Prevent Another 'Perote Affair'"]

[FBIS Translated Text] Madrid — A month away from the election, Defense Minister Gustavo Suarez Pertierra showed yesterday that he is not throwing in the towel. At a news conference to present the results of the concluding legislative term, he announced his plans for the 31 days which he has left, including the completion of the CESID's (Higher Defense Intelligence Center) reform and the purchase of 15 helicopters from France. He took the opportunity to criticize harshly the six-month military service with 30,000 pesetas in pay promised by the People's Party.

In February, the CESID personnel roster and its new organizational structure — two elements which complete the reorganization of the secret service begun last July with its personnel statute — will be approved.

The future organizational structure, which replaces the one in force since 1985, will have as its main innovation the creation of an internal security department. It will be headed by a head of department with the rank of deputy director general. His task will be to prevent a repetition of the extremely grave internal security failures exposed by the Perote affair — the theft of classified documents by the center's operational chief.

Suarez Pertierra admitted that the CESID has suffered a "considerable crisis" because of "the conduct of some of its members," but asserted that it has been surmounted and that the work of its two new chiefs — Generals Felix Miranda and Jesus del Olmo — "is bearing fruit."

The minister also confirmed his decision, reported in the last edition of yesterday's EL PAIS, to purchase 15 tactical transport helicopters for the Army from the Franco-German Eurocopter consortium, a contract worth more than 26 billion pesetas. He said he made the decision on 30 January after consulting Secretary of State for Defense Juan Ramon Garcia Secades and Army Chief of Staff Lieutenant General Jose Faura.

Suarez Pertierra, who had to choose between Eurocopter's Superpuma or Cougar and Sikorsky's (United States) Black Hawk, asserted that "the choice was not easy," since both helicopters "meet the operational requirements perfectly."

He admitted that the Army would prefer the U.S. model, but added that the military chiefs understand

that, together with the operational factors and other issues, such as industrial policy and offset orders, have been taken into account. The most important offset order is the purchase by the French Air Force of seven CN-235 transport aircraft made by CASA (Spanish Aircraft Manufacturing Company).

Suarez Pertierra denied that the political importance of the contract — over which French President Jacques Chirac and U.S. President Bill Clinton have made representations to the Spanish Government — made it advisable to postpone the decision until after the election. "It is my duty to continue to work as long as I am a member of the government," he asserted.

The minister described as a "price cutting war" the People's Party's promise to reduce military service to six months and give the servicemen 30,000 pesetas in pay if it wins the election. He asked where the young people will come from to fill two drafts per year from the year 2000, as well as the funds to finance the reform, whose cost he put at 90 billion pesetas per year.

"Either they increase the deficit, or they take the money from other items, such as social expenditure, or the model is not viable," he asserted, after pointing out that the current legislation requires paying conscientious objectors the same pay as the draftees.

As an alternative, he proposed moving toward the consolidation of the mixed model, with professionals totaling 55 percent, and opening during the next legislative term a calm debate among the political forces to reach agreement on completion of the Armed Forces modernization process.

Spain: Gonzalez Gives Details of Election Platform

LD0102232496 Madrid Antena 3 Television
in Spanish 2000 GMT 1 Feb 96

[Studio interview with Prime Minister Felipe Gonzalez by correspondent Manuel Campo Vidal from the "Elections Live" program — live]

[FBIS Translated Excerpt] [Manuel Campo Vidal] Good evening. This is the third interview in the "Elections Live" program with the leaders of the main Spanish political forces. Two weeks ago Jose Maria Aznar was with us. Last week it was Julio Anguita. Today we welcome the socialist candidate, Prime Minister Felipe Gonzalez. Good evening.

[Gonzalez] Good evening.

[Campo Vidal] In these interviews, which have a similar structure for everyone, we have begun by asking: What will you do with Spain if you obtain the responsibility of governing. In your case, as you have been governing

for 13 years, the question must be altered. What will you do with Spain that you have not already done? What is new in your proposal.

[Gonzalez] Well, there is a proposal in a program of 500 specific points. Naturally, I do not intend to explain that, but there are fundamental challenges between now and the year 2000 to prepare Spain for the next century. We will do so from the viewpoint of employment. We are creating around 1,300 jobs a day in 1996, but we must increase even more the rate of growth and distribution of work to find room for the employment of young people. We will be (as heard) the best educated generation of young people in the country's history, and we must make space to include them in society.

We also have the challenge of defending the welfare state, which he have created — if we are referring to the last 13 years — in the last 13 years. We must defend the public health system, we must defend the education system, and we must defend the pension system. In addition, we must continue to modernize Spain. We have made a major leap forward. But we want to do the same thing in telecommunications, in the gas network, etc. Finally, we also want to win the battle of Europe, and we believe that we can do so.

[Campo Vidal] We will go into detail, as we have with the other candidates. But in your case, after 13 years of government, there are issues about which I must ask: Why have they not been done before? Some could have been done before.

[Gonzalez] No, no, no. Very many have been done; for example, the transformation, the modernization of Spain, the transformation of infrastructures, is infinitely greater than anything ever seen before. A public health system has been built. We have brought 7 million people into the public health system. So, that has been done. Naturally, it is necessary to keep perfecting it and to defend it from the attacks on this public health system. In the area of education there has been a real transformation, a revolution. Fifty-two percent of university students are women. There are over twice as many university students as there were when we took over the government. There are 7 million people receiving pensions. Hundreds of thousands of people were excluded from the pension system. We have implemented laws on contributory and noncontributory pensions, for those who did not have any right to anything. Therefore, a long road has been covered and there is still a long way to go. [passage omitted]

[Campo Vidal] You said the other day in an interview with the daily EL PAIS. I apologize for the corruption and I guarantee that it will not happen again. If you remain in power how do you guarantee this?

[Gonzalez] There is a whole package of legal and administrative measures that have achieved a result that I believe can be seen by all. There is not a single case of corruption that is not being dealt with by the judicial system. Consequently, if we look back over the last three years, anyone contemplating corruption will find it a lot harder to do, because there will be a far greater risk.

[Campo Vidal] Talking about GAL (Antiterrorist Liberation Groups), which is a scandal that has been going on during this time, this is centered on Jose Barrionuevo, an election candidate. There has been controversy even within the government and within the party. Some ministers have said certain things. The Basque prime minister has been more blunt. Jose Antonio Ardanza said: What do the socialists owe Barrionuevo or what do they fear about him for him to be a candidate?

[Gonzalez] No. We owe him nothing. The Spaniards are indebted for a tremendous effort by Barrionuevo as a minister for the fight in defense of our freedom, against terrorist violence to which he has dedicated some very important years of his life. Probably the vast majority of the population are currently more concerned about the situation of Aldaya or Ortega, or about the last ETA (Basque Fatherland and Liberty) assassinations than they are about trying to drag the tremendous fight against terrorism of 12 or 13 years ago through the mud. [passage omitted]

[Campo Vidal] Let us move on to events on 3 March. Let us place ourselves on the evening of that day. I know that this is very complicated. What happens if the arithmetic is that the Socialist Party and the United Left add up to an absolute majority — 176 deputies. Other arithmetic is possible and we will talk about that in a moment. But I am asking you about the Socialist Party and the United Left.

[Gonzalez] No. I cannot say that anything will happen because that cannot be discussed until then. That is a working hypothesis that must be discussed when it occurs. I think it is absurd to discuss it beforehand.

What is clear, I think, is that the alternatives put forward by the United Left are absolutely unreal. That is why they are so useful and so much to the liking of the Right, who know that they are never going to govern. They know that the majority of the country's voters are progressives and that they can only win by dividing the progressive vote.

[Campo Vidal] You will tell me again that we must wait until 3 March, but my question is: What happens if the Socialist Party and the Catalan and Basque nationalists

who have given you a degree of electoral support, add up to 176?

[Gonzalez] We will defend a certain principle that is unwritten, but which I think should be upheld: The party that has most deputies, most representatives, most votes, must be the first one entrusted with forming a government. This has to be clear and I will respect it. I defended this throughout the democratic transition and I will defend it now. Therefore, if by chance or because of the wishes of the people the Popular Party has more representatives than us, it must be the one entrusted with forming a government, and not only will I not obstruct that, but I will tell the king that when the consultations begin. [passage omitted]

[Campo Vidal] I also want to talk a little bit about Europe, as during your 13 year period in power you have twice held the EU Presidency. Last week we were talking with United Left leader Julio Anguita and he was hostile to the European demands on Spain. There is a fundamental issue in question: Is it worth paying so much — having such a high cost — to fulfill the Maastricht requirements?

[Gonzalez] That is the wrong approach.

[Campo Vidal] Might we sometimes damage the welfare state in order to fulfill and invest money to reach the requirements of Maastricht?

[Gonzalez] This is not true, this is not true. The approach is absolutely wrong. [passage omitted] What is sought from us by, shall we say, European convergence is something that is desirable for the country. We are under no obligation to meet this set of requirements.

In other words, neither Spain nor any other country is obliged to have a deficit of three percent by the end of 1997. But Spain and any other country should be very much interested in reducing that deficit. Why? Because if it wants to generate employment, the best way is with a fall in interest rates, and for interest rates to fall and to contain inflation, the debt, the public deficit, must be reduced. This is the basis of an operation for the generation of employment and the maintenance of the welfare state. If the accounts go out of balance, then the greater part of expenditure really is the public deficit. A huge amount of money is spent in financing this deficit.

Hence, Maastricht aside, the construction of Europe is very important in political terms and Spain should be in the top flight and I believe it stands a chance of doing so and, for sure, if I am in charge of the government, and I think all the citizens know this, I will make every effort for this to happen because it is desirable for us. This is in the interests of our country — the interest to maintain our economic growth and hence the generation of employment and the interest to maintain the welfare state and the policies of investment and the modernization of our country. Consequently, the approach is wrong.

Imagine any country — a few days ago the Mexican president was here. The first thing the International Monetary Fund ask of him is to control the deficit, and this has nothing to do with the construction of Europe. So, the approach taken by Julio Anguita is wrong and mistaken — he does not know about the construction of Europe and he does not know our country's needs. [passage omitted]

Cyprus: Spokesman on 'Independent' Cyprus, Holbrook

NC0202124896 *Nicosia Cyprus Broadcasting Corporation Radio Network in Greek*
1130 GMT 2 Feb 96

[FBIS Translated Text] The government insists that the Cyprus issue cannot be involved with other issues concerning Greek-Turkish disputes. Government spokesman Ioannis Kasoulidis said the Cyprus issue is an independent, separate one, and that if it is included along with Greek-Turkish disputes then things will become so complicated they could perpetuate the situation and rule out a solution anytime soon. Kasoulidis added: Neither Cyprus nor Greece like the Cyprus issue being included in the discussion of Greek-Turkish disputes. The government spokesman reiterated Athens' position that any improvement in Greek-Turkish relations will come through a Cyprus solution.

The government spokesman said that U.S. Assistant Secretary of State Richard Holbrook conveyed that he will visit Cyprus to bid farewell to the two communities, and will also raise the Cyprus issue. Kasoulidis said that the expected negotiations will not begin, as there is no government in Ankara. On President Glavkos Kliridhis' visit to Athens, Kasoulidis said the program has not been finalized. He also noted that there is no thought of convening the National Council before President Kliridhis' visit to the Greek capital.

Cyprus: Government Wants 'Real,' Not 'Paper' Solution

NC0102164096 *Nicosia Cyprus Broadcasting Corporation Radio Network in Greek*
1600 GMT 1 Feb 96

[FBIS Translated Text] Government spokesman Ioannis Kasoulidis has said the government does not want a Cyprus solution on paper, but rather a real and substantive solution that will last and not collapse like the Zurich agreements. The spokesman said: Some might think that a Cyprus solution is finding something that the two sides will be forced to sign, and not something that the two sides want. This might be a solution on paper but it will not be a Cyprus solution.

Kasoulidis said President Glavkos Kliridhis will visit Athens for talks with Greek Prime Minister Konstantinos Simitis as scheduled, regardless of the crisis in the Aegean. Kasoulidis said one of the important issues that Kliridhis will discuss is the Aegean crisis. Kliridhis is scheduled to visit Athens on 8 February.

Cyprus: Tank, Equipment Reinforcements in North Reported

NC0102195896 *Nicosia CyBC Television Network in Greek* 1800 GMT 1 Feb 96

[FBIS Translated Text] Attila [Turkish Forces in Cyprus] is being reinforced continuously. A Turkish ship carrying combat vehicles sailed into the port of Famagusta today. Another three ships transported combat vehicles on Tuesday (30 January) night. Correspondent Petros Konstantinou reports.

[Began recording] [Konstantinou] The occupation army continues to be reinforced with tanks and other military equipment. CyBC [Cyprus Broadcasting Corporation] reveals now that a Turkish ship carrying tanks today sailed into the occupied port of Famagusta carrying additional M48-A5 tanks and armored personnel carriers. On Tuesday night, when the Aegean crisis escalated, three ships transported a large number of tanks and armored personnel carriers to Famagusta. A security authorities source told CyBC that the tanks are new and are not replacing older ones, and that Attila is being continuously upgraded with new arms.

Government spokesman Ioannis Kasoulidis said the Attila was not observed to move in aggressive formations during the Aegean crisis.

[Kasoulidis] These tanks and personnel carriers were transported to various areas in occupied Cyprus, and are ready for use.

[Konstantinou] Referring to the arrival of the ships, the spokesman said the Greek Government was informed, and the Cypriot Government lodged demarches with the UN Security Council permanent members. Kasoulidis stressed that after the Aegean crisis, it is necessary to speed up implementation of the unified defense doctrine.

[Kasoulidis] Yes, we are thinking that we need to speed up reinforcement of our defense capability.

[Konstantinou] Kasoulidis said the Aegean crisis led the government to a number of conclusions, both theoretical and practical, that touch upon issues such as civil service and other issues to safeguard Cyprus' free areas from a possible plot. [end recording]

Cyprus: Arrival of Tanks in North Under Investigation

NC0202122396 *Nicosia Cyprus Broadcasting Corporation Radio Network in Greek*
1130 GMT 2 Feb 96

[FBIS Translated Text] Government spokesman Ioannis Kasoulidis has said that the government is investigating information from independent sources according to

which the recent arrival of new Turkish tanks and armored vehicles in the occupied areas is part of a plan to replace old military vehicles and does not constitute reinforcement of the occupation forces. Kasoulidis said. The issue is being studied to clarify all the information.

Cyprus: Government Condemns Turkey for Reinforcements

NC0102163996. Nicosia Cyprus Broadcasting Corporation Radio Network in Greek
1600 GMT 1 Feb 96

[FBIS Translated Text] The Cypriot Government condemned Turkey at the UN Security Council [UNSC] for

the recent dispatch of military equipment to the island's occupied north. Cyprus' representative to the United Nations, Ambassador Nikolas Agathokleous made the accusation to the UNSC president, British representative Sir John Weston. The UNSC president informed the council members during yesterday's meeting. Agathokleous met the other four permanent UNSC members to discuss the issue.

The Cypriot representative also raised with the UN Secretariat the issue of the occupation forces in Cyprus being reinforced.

Greece: Defense Minister Wants 'New National Strategy'

NC0202114796 Athens Elliniki Radhiofonia Radio Network in Greek 1000 GMT 2 Feb 96

[FBIS Translated Text] National Defense Minister Yerasimos Arsenis is predicting that the next five months will be hot for the Aegean. He also believes we must chart a new national strategy and safeguard the Armed Forces' prestige. Arsenis will summon the political leaders soon to brief them on the country's defensive problems. He will give a similar briefing to the Chamber Foreign and Defense Committee members.

The national defense minister is determined to investigate the conditions under which the commandos stepped onto the rocky islet and apportion blame if it exists.

The incident is being investigated, and the result is expected to be issued in the next few days. It will then be conveyed to the KISEA [Government Council on Foreign and Defense Affairs], which will make the necessary decisions. This issue was examined at a Council of Defense meeting yesterday under Arsenis.

Greece: Simitis on 'Effectively' Overcoming Crisis

NC0102173296 Athens ET-1 Television Network in Greek 1600 GMT 1 Feb 96

[Report by Roula Kambouryiani — recorded]

[FBIS Translated Text] Prime Minister Konstandinos Simitis today took note of the atmosphere following the previous days' crisis. Talking with Mrs. Vasiliki Papan-dreou, who was sworn in as Development Minister, the prime minister was heard commenting: We entered into problems abruptly. But we will make it. After the swearing in, the prime minister and President Stefanopoulos discussed the recent developments.

The government believes it handled the issue correctly and effectively. It achieved disengagement, avoided clashes and negotiations with Turkey, and reinstated the previous regime on the Aegean rocky islets.

The government spokesman stressed that in the future, the government will handle any problems coolly, with self-restraint, and persistence on Greek positions. He strongly criticized New Democracy [ND].

[Government spokesman Dhimitrios Reppas] [ND Chairman Miltiadhis] Evert yesterday came to the Chamber of Deputies with a planned recipe. He staged a spectacle on patriotism and played the role of super-patriot. This is proven by his decision that the party would withdraw from the Chamber of Deputies even before listening to the arguments of the responsible ministers. I believe he did that to make an impression,

and behaved completely irresponsibly. Fortunately for Greece—unfortunately for him, but that does not concern us—he only won points on the stock exchange of political incapability.

[Kambouryiani] The spokesman played down the issue that was created when the prime minister thanked the U.S. Government publicly. He said Simitis' reference was a simple recognition of the useful mediation role of the Americans. He refuted Richard Holbrooke, the U.S. assistant secretary of state for European affairs, stressing that the lowering of the Greek flag from Imia was not part of an agreement.

Referring to Holbrooke's upcoming visit, Reppas stressed that the Greek Government did not submit such a request. He said: In any case, the Greek Government insists on not discussing with Turkey issues—other than the continental shelf—that they are presenting as Greek-Turkish differences.

Greece: Parties Berate 'Foreigners,' U.S. Over Crisis

NC0202084096 Athens Elliniki Radhiofonia Radio Network in Greek 0500 GMT 2 Feb 96

[FBIS Translated Text] Political Spring Chairman Andonios Samaras yesterday went to Kos, where he called on the government to make use of Greek diplomats in Europe. Correspondent Takis Kambras reports:

[Begin Kambras recording] Political Spring Chairman Andonios Samaras visited Kos. He is also expected to go to Kalimnos. Arriving in Kos, he told a gathering that he is visiting out of his desire to show that people on peripheral islands are not isolated. He called on the government to mobilize Greek diplomacy to force the EU to recognize that the rocky islets are its own European territory, its own European border.

Asked to comment on government policy and moves in the recent crisis, Samaras refused, saying he had said all he had to say in condemning the government in the Chamber of Deputies.

Asked about comments on U.S. mediation, Samaras said there can be no discussion with a U.S. mediator in talks with Turkey on issues concerning our national sovereignty. [end recording]

Political Spring also asked the government to explain remarks by Turkish Prime Minister Tansu Ciller, and called on it to extend our territorial waters immediately according to international law.

In a statement, the KKE [Greek Communist Party] accused the government of political subordination to the

U.S. imperialists. KKE stressed: The government moves on Imia safeguarded the U.S. role as the area's suzerain.

In an address yesterday afternoon, Democratic Social Movement (DIKKI) Chairman Dhimotrios Tsovolas said the incident in Imia was part of a plan by the United States, Turkey, and Europe. Tsovolas said: The foreigners aim to change the regime in the Aegean. He criticized the government, and called on it to resign and hold elections.

Greece: Spokesman Comments on Flag, Turkish 'Threats'

NC0102224596 Athens Elliniki Radiofonia Radio Network in Greek 2200 GMT 1 Feb 96

[FBIS Translated Excerpt] Answering questions on the removal of the Greek flag from the rocky islet of Imia, government spokesman Dhimotrios Reppas stressed that this was not a condition of an agreement, but was done at Greece's initiative in order to protect the Greek flag, because the islets are not guarded. Reppas said: Greek symbols are not offered to create impressions. There was no Greek flag on these Greek islands for 48 years, and there was absolutely no problem.

He also noted that the prime minister is completely satisfied with the handling of the situation by Foreign Minister Theodoros Pangalos and National Defense Minister Yerasimos Arsenis. He said: As you know, an investigation is under way, and if responsibilities are discovered within the Army for the deployment of Turks on a nearby rocky islet, they will be attributed.

Finally, he denied a statement by Richard Holbrooke, the U.S. assistant secretary of state for European affairs,

who is reportedly expected in the area in late February. Reppas stressed that the government insists on the firm position that Greece has nothing to discuss with Turkey except the issue of the continental shelf, which must be referred to the international court in The Hague. The spokesman said calmness prevailed today at the area of the rocky islets.

The president's bureau today issued a statement denying that President Konstandinos Stefanopoulos was dissatisfied with the way the government handled the Greek-Turkish crisis. The statement mentions that everything that the mass media attributed to President Stefanopoulos regarding his evaluation of the way the Greek-Turkish crisis was handled is unrealistic. [passage omitted]

In a statement, the government spokesman said that neither in the past few days, because of the incidents near Imia, nor at any other time has the government ever accepted negotiations with anyone regarding Greece's right — which is safeguarded by international treaties — to extend its territorial waters to 12 nautical miles. Reppas said the country's position on this issue is well known and is unchanged. He said: Greece considers this right as a given and nonnegotiable, and it will decide when and where it will exercise it. By resuming her threats, Ciller is merely reconfirming that Turkey is a country that does not respect international law and international treaties. He concluded: The responsible and decisive Greek Government, which proved that it defends steadily our sovereign rights, will deal with this Turkish policy.

Turkey: Ciller Says Yilmaz Rejects Coalition Offers
TA0202113196 Ankara TRT Television Network
in Turkish 0939 GMT 2 Feb 96

[Statement by Tansu Ciller, True Path Party leader and prime minister, at a news conference following her meeting with Motherland Party leader Mesut Yilmaz at the Turkish Grand National Assembly; broadcast in progress — live]

[FBIS Translated Excerpt] [Ciller] [passage omitted] Today I took Mr. Yilmaz a model under which the Motherland Party [ANAP] leader and the True Path Party [DYP] leader will take part in a coalition under the framework of a protocol that will grant them equal authority. I proposed that we jointly establish this framework and start tackling the issues facing the country. I regret to say that we had all our programs prepared, our proposals ready, and the issues to be discussed at hand because we take this matter seriously. The country is waiting for solutions in all areas, from the establishment of a government to bread for the people. [passage omitted]

Thus, our first proposal was to deliver a coalition model based on equal authority with both leaders taking part in its formation and sharing authority.

Our second proposal, in the event that the first proposal was rejected, was for both of us to support a rotational minority government model. Actually, there is no such thing as a rotational minority government model that can be in line with regulations and party legislation; in other words, giving us their support from the outside. This works two ways: They give us their support and we give them our support. How does this mutual support model work? Let us, as the DYP, establish a minority government and ANAP will give us its support, and then ANAP establishes a minority government and we will give them our support. In other words, a first-term minority coalition government can be formed between the DYP and Democratic Left Party [DSP] and then the second-term government can be formed between ANAP and DSP, or between DYP and Republican People's Party [CHP] and then between ANAP and CHP, or among DYP, CHP, and DSP and we will give our support to an equivalent ANAP minority government in the second term. Let us both give our support to rotational minority governments. Let these formulas include the leaders of both parties in line with party statutes since any other way will be tantamount to interference in the internal legislation of the parties.

Mr. Yilmaz said the following: Let neither you nor me take part. This is not acceptable. Both of us should take part in a coalition because regulations so stipulate.

The regulations stipulate that each party leader gets elected by the relevant party bodies. For this reason, the platform to be formed should carry his or her party. It would be very difficult to explain to the public that ANAP and the DYP will form a coalition in which those elected will not participate. This is also not in line with the principles and regulations of democracy. [passage omitted]

After I told him about these models, I expressed the hope that these proposals — which were made with great goodwill — of rotational minority governments and shared authority models will be taken up in the pertinent ANAP party bodies. Mr. Yilmaz said exactly the following: Why are you interfering in my internal affairs? I will not take up these proposals at the pertinent party bodies. I personally reject these proposals. I will not take them up with anybody and I, right now, reject all your proposals.

My reasons for advising him to take up my proposals in the pertinent party bodies was made within the framework of regulations and the respect I have for his party. Mr. Yilmaz rejected my proposals of shared leadership and premiership authorities and rotational minority government without discussing them with the party bodies. He said: I reject them personally. I am not taking them up at any party body. [passage omitted]

I realize that Mr. Yilmaz cannot overcome his personal ambitions and anger. For this reason, a coalition between ANAP and the DYP is impossible. There is another issue which crystallized during these meetings, that ANAP is not interested in a coalition with the DYP and that two-thirds of ANAP deputies are not seeking a coalition with the DYP. Why are they wasting our time if two-thirds of the ANAP deputies do not want a coalition with the DYP and if your organization has opted for a coalition with the Welfare Party? Why are they wasting the nation's time? Everybody is responsible for their actions.

In line with this understanding, we will convene our party's authoritative bodies tomorrow and give back the task of forming the government along the lines of the decision made at that meeting because nobody has a right to waste the nation's time. Let nobody use us as a cover-up and let everyone be responsible for his actions. We put forward our clear-cut stands and fulfilled our promises and obligations toward the people. We have always respected the regulations and institutions of democracy, the results of the election, and submitted our proposals within that framework. From now on, everybody will have to shoulder the responsibilities of their actions. I hope that the next stage will be auspicious for our nation. I want to say that I

still hope that a government will be formed within this parliament and I wish that it will be favorable for the country. [passage omitted]

Turkey: Demirel To Offer Yilmaz Coalition Task

TA0202142596 Ankara TRT Television Network
in Turkish 1300 GMT 2 Feb 96

[FBIS Translated Text] President Suleyman Demirel has said that there is no vacuum in the state or in the government, that all the institutions of the state are handling their duties, and that the people should not index their lives to the establishment of a government. He said: Turkey is not in the midst of mayhem or at an impasse.

Demirel was replying to reporters' questions at the Cankaya Mansion, where he said that elections were held, the assembly has begun to work, and a mechanism for the establishment of a government has been activated. He said that the elections did not produce a single-party government but the need for conciliation. He explained that he first assigned the task to the leader of the party that has the largest number of deputies. He went on to say that when Erbakan failed to set up a government in 10 days, he relinquished the task, after which the True Path Party leader was designated to form a government. Demirel said that in her contacts during the past 15 days, Ciller failed to get any results. He pointed out that he conferred with her and that she will relinquish the task in a day or two. The president said that he will then assign the task to the leader of the Motherland Party, the third party in terms of the number of deputies.

[Begin Demirel recording] There is no other way. This is a country of rules, and it must remain that way. There is no state vacuum or government vacuum in the country. All the institutions of the state are handling their duties. The people should not index their lives to the establishment of a government. The people should run their lives normally. Turkey is not in the midst of

mayhem or at an impasse. Elections were held, and these were the results we got. We cannot turn to the people and ask why they voted this way. If a government cannot be established, if the leaders of the political parties cannot conciliate, that is another matter. I am not justifying the fact that there is no conciliation. I am trying to tell you that it is not easy to reach conciliation, especially in Turkish politics, which have a very complicated past. You must be more patient. You must not wake up in a panic every morning and say: There is a crisis; we want a government. You may demand a government, but there is no crisis. Do not create a crisis for the people. [end recording]

A reporter said that Erbakan relinquished the task in 10 days, while Ciller is taking longer, and asked Demirel to comment. The president said that this is a political issue and he does not want to be involved. Asked if he will hold renewed consultations with the party leaders given the latest political situation, Demirel said:

[Begin Demirel recording] What should I consult them about? I already told you: If the two parties I designated relinquish their tasks, it would not be right for me to ignore the third party and hold consultations. It would not be fair politically. The leader of the third party might then turn to me and say: I was going to set up a government. Why didn't you give me a chance as you gave the other two? In that case, what would I tell him? [end recording]

Asked to comment on the rotational government system, Demirel said: Such a thing was not brought to me. It must be thought out by the others and presented to me. Demirel said that he does not want to influence the process of the establishment of a government and that, therefore, he stays in the background. He said: I do not have any secret business. I am trying not to influence this process in an undesirable manner. I am waging a struggle to ensure that rules become ingrained in the country.

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